

**DIRECT TESTIMONY OF
FELICIA D. HOWARD
ON BEHALF OF
DOMINION ENERGY SOUTH CAROLINA, INC.
DOCKET NO. 2019-5-G**

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION.**

2 A. My name is Felicia D. Howard, and my business address is 220 Operation
3 Way, Cayce, South Carolina. I am the Vice President of Gas Operations for
4 Dominion Energy South Carolina, Inc. (“DESC” or the “Company”).

5
6 **Q. DESCRIBE YOUR EDUCATIONAL BACKGROUND AND BUSINESS**
7 **BACKGROUND.**

8 A. I have a Bachelor of Science Degree in Electrical and Computer Engineering
9 and a Master of Business Administration Degree from the University of South
10 Carolina. Prior to joining DESC, I worked with Westinghouse Electric Corporation
11 in Asheville, North Carolina, where I provided technical support for sales and
12 marketing of equipment for electrical generators. In addition, I held other positions
13 with Westinghouse’s Distribution and Control Business Unit in product
14 engineering, quality engineering, and technical sales in Sumter and Charleston,
15 South Carolina, and Charlotte, North Carolina.

16 I joined DESC, then South Carolina Electric & Gas Company, in 1992 as a
17 Quality Advisor for process improvement efforts in the Fossil/Hydro Business Unit.
18 During my tenure with DESC and with SCANA Corporation prior to the merger

1 with Dominion Energy, Inc., I also worked as a Key Account Manager for the
2 company's large industrial customers; Manager of Community/Economic
3 Development and Local Government; and Director of Demand Side Management.
4 In February 2013, I assumed my current position as Vice President of Gas
5 Operations for DESC.

6
7 **Q. WHAT ARE YOUR DUTIES AS VICE PRESIDENT OF GAS**
8 **OPERATIONS?**

9 A. My responsibilities include, among other things, oversight of the daily
10 operations of DESC's natural gas distribution system, including maintenance,
11 construction, and gas sales. I also am responsible for the overall reliability of the
12 system, which includes ensuring that the system is capable of providing safe and
13 reliable service to our customers.

14
15 **Q. PLEASE DESCRIBE THE PURPOSE OF YOUR TESTIMONY.**

16 A. The purpose of my testimony is to provide the Commission with an overview
17 of DESC's gas purchasing practices for the period under review, August 1, 2018,
18 through July 31, 2019 ("Review Period"). I will describe DESC's natural gas
19 distribution system from an operations standpoint and discuss the primary facilities
20 that comprise the system, including the capacity of the system for serving DESC's
21 customers. I also will discuss the construction projects in which DESC is engaged

1 that are designed to increase the capacity, reliability, and operational flexibility of
2 DESC's system.

3
4 **I. PURCHASED GAS ADJUSTMENT PROCEEDING**

5 **Q. WHAT IS THE PURPOSE OF THIS PURCHASED GAS ADJUSTMENT**
6 **(“PGA”) PROCEEDING?**

7 A. By Order No. 87-898, dated August 14, 1987, the Commission instituted an
8 annual PGA review of DESC's gas purchasing policies and practices. These PGA
9 reviews are conducted to determine the prudence of DESC's gas purchasing policies
10 and practices during the period under review and to determine if DESC properly
11 applied its tariffs in recovering its gas costs.

12 It is worth noting that in every PGA review, the Commission has found that
13 DESC's gas purchasing policies and practices were prudent and that the Company
14 properly adhered to the gas cost recovery provisions of its gas tariffs and applicable
15 Commission directives and orders.

16 In this PGA proceeding, the Company will provide testimony from personnel
17 who implement DESC's gas purchasing practices and policies and who address
18 tariff issues on a day-to-day basis. Their testimony specifically relates to the
19 Review Period. Rose M. Jackson, General Manager – Supply & Asset
20 Management, explains DESC's gas purchasing practices, gas supply and interstate
21 pipeline capacity. Rachel R. Elliott, Manager – Electric and Gas Regulatory
22 Accounting, discusses the PGA methodology for recovering the cost of gas

1 implemented by the Company pursuant to Commission Order Nos. 2006-679 and
2 2009-910.

3
4 **Q. PLEASE PROVIDE AN OVERVIEW OF DESC'S GAS PURCHASING**
5 **PRACTICES FOR THE REVIEW PERIOD.**

6 A. DESC's management analyzes and considers the supply and interstate
7 capacity assets of its business on an on-going basis in order to provide safe, reliable,
8 and economical natural gas service in South Carolina. All of the variables related
9 to the growth in our state and the demand on DESC's system must be balanced with
10 corresponding supply and capacity needs. Finally, I want to emphasize to the
11 Commission that the Company procured reliable and reasonably priced natural gas
12 supplies during the Review Period.

13
14 **II. DESC'S NATURAL GAS DISTRIBUTION SYSTEM**

15 **Q. PLEASE DESCRIBE DESC'S NATURAL GAS SYSTEM FROM AN**
16 **OPERATIONS STANDPOINT.**

17 A. As of December 31, 2018, DESC's natural gas distribution system consisted
18 of more than 10,203 miles of pipeline which includes approximately 9,748 miles of
19 distribution mains and 455 miles of transmission mains. DESC's natural gas system
20 also consisted of more than 415,045 service lines which extend from the Company
21 distribution and transmission mains. The Company's pipeline facilities range in

1 diameter from ½-inch distribution pipe to 20-inch transmission pipe and carry
2 natural gas under pressures typically ranging from 25 pounds per square inch gauge
3 (“psig”) to 1,100 psig in order to deliver safe and reliable natural gas service to
4 approximately 386,000 factories, businesses, and homes in South Carolina, as of the
5 end of the Review Period.

6
7 **Q. WHAT LIQUEFIED NATURAL GAS (“LNG”) FACILITIES DOES DESC**
8 **OPERATE?**

9 A. DESC owns and operates two LNG facilities. These facilities are located at
10 Bushy Park near North Charleston and at Salley in western Orangeburg County. The
11 LNG facilities allow DESC to store natural gas in liquid form and revaporize it back
12 into the pipeline when necessary. DESC primarily dispatches its LNG to help meet
13 high demand and to serve as a backup supply of gas in emergency situations.

14
15 **Q. WHAT ARE THE CAPACITIES OF THE LNG FACILITIES?**

16 A. The Bushy Park facility has the capability of converting natural gas into a
17 liquid, a process known as liquefaction. It can store up to 980 million cubic feet of
18 LNG.

19 The Salley facility has the capability of storing up to 900 million cubic feet
20 of trucked-in LNG. LNG must be transported to Salley via truck because Salley
21 does not possess the ability to liquefy natural gas.

1 **Q. PLEASE DISCUSS THE GROWTH ON THE COMPANY'S SYSTEM**
2 **DURING THE REVIEW PERIOD.**

3 A. During the Review Period, DESC continued to experience growth on its gas
4 system. More specifically, DESC's total number of natural gas customers grew by
5 approximately 3.3%, which is largely attributable to the growth of our residential
6 class of customers because of new home construction occurring across the
7 Company's service territory.

8
9 **Q. WHAT STEPS HAS DESC TAKEN TO EXPAND ITS NATURAL GAS**
10 **SYSTEM DURING THE REVIEW PERIOD?**

11 A. Over the years, DESC has expanded its system as needed by adding pipeline
12 to reliably serve its new and existing customers and create operating flexibility on
13 its system. Expansion of the system is also designed to accommodate population
14 growth throughout South Carolina. For example, during the Review Period, DESC
15 installed approximately 7,500 feet of 10-inch and 2,600 feet of 6-inch steel pipeline
16 along Shop Road Extension to serve China Jushi USA Corporation, an economic
17 development customer. The Company also installed approximately 15,000 feet of
18 8-inch pipeline along Hard Scrabble Road as part of a South Carolina Department
19 of Transportation road widening project. In the Ward area, the Company installed
20 approximately 26,400 feet of 4-inch steel pipeline along Duncan Road to serve SC
21 Pet Food Solutions, LLC, an economic development customer.

1 In the Sumter area, the Company installed another approximately 4,000 feet
2 of 6-inch pipeline along Highway 441 to serve residential and commercial growth
3 and to provide improved system reliability. In the Florence area, DESC installed
4 approximately 8,700 feet of 6-inch pipeline along Freedom Boulevard to serve
5 residential and commercial growth and to provide improved system reliability in
6 Florence. In the Conway area, DESC installed approximately 4,300 feet of 6-inch
7 pipeline along Highway 501 to serve an industrial customer. In the Myrtle Beach
8 area, the Company installed approximately 4,500 feet of 8-inch pipeline along
9 Watertower Road to serve residential and commercial customers.

10 In the Moncks Corner area, the Company installed approximately 15,000 feet
11 of 8-inch pipeline along Highway 52 to serve residential, commercial, and industrial
12 customers. In the Hardeeville area, the Company installed approximately 20,000
13 feet of 12-inch pipeline along Speedway Boulevard from Highway 315 to the
14 Riverport development to serve residential, commercial, and industrial customers.
15 In the Summerville area, the Company installed approximately 14,700 feet of 8-inch
16 pipeline from Summerville to the Nexton development along private right-of-way
17 to serve residential and commercial customers.

1 **Q. DID THE COMPANY UNDERTAKE ANY PROJECTS DURING THE**
2 **REVIEW PERIOD TO IMPROVE THE SAFETY, INTEGRITY, AND**
3 **RELIABILITY OF ITS NATURAL GAS SYSTEM?**

4 A. Yes. In addition to system expansion, DESC completed a number of
5 projects to improve system safety, integrity and reliability.

6 During the Review Period, DESC initiated work on two additional inline
7 inspection (“ILI”) projects on two transmission pipelines totaling approximately 17
8 miles. These projects were completed in August 2019, and the ILI data will be
9 analyzed when it is available. Since implementing ILI for its transmission pipelines,
10 DESC has conducted ILI on nine pipelines totaling approximately 74 miles. To
11 date, we have completed ILI on approximately 51% of our pipelines which are
12 currently capable of being inspected by the technology.

13 In addition to ILI, DESC conducts additional enhanced inspections of its
14 transmission pipeline system. These inspections are targeted to those transmission
15 pipelines deemed most susceptible to damage by third parties, specifically those
16 residing in road rights-of-way corridors where excavation by others is more
17 common. To date, we have completed inspections on approximately 78 miles of
18 pipeline in road right-of-way corridors and have made 66 repairs in total, 38 having
19 resulted from third party damage.

20 As for the Company’s distribution system, over the last several years DESC
21 has replaced vintage polyethylene 3306 “black plastic” service lines located within
22 its system in accordance with recommendations by the Pipeline and Hazardous

1 Materials Safety Administration (“PHMSA”). During the Review Period, the
2 Company replaced 1,432 of these service lines. To date, the Company has replaced
3 approximately 24,398 “black plastic” service lines in the system and work continues
4 on this multi-year replacement program. At present, the Company estimates that it
5 has approximately 1,300 service lines remaining to be replaced.
6

7 **Q. PLEASE BRIEFLY DESCRIBE THE SAFETY PERFORMANCE OF DESC**
8 **CONCERNING ITS NATURAL GAS SYSTEM.**

9 A. As a regulated natural gas utility, DESC is subject to comprehensive federal
10 and state regulation. At the federal level, PHMSA, acting through the Office of
11 Pipeline Safety, has developed pipeline safety regulations over the years. These
12 pipeline safety regulations include, among other things, provisions governing
13 pipeline design, construction, testing, operations, maintenance, and emergency
14 response activities. There are also specific requirements for training and qualifying
15 personnel to work on natural gas systems, as well as additional requirements for
16 administering integrity management programs for both gas transmission and
17 distribution pipelines. The South Carolina Office of Regulatory Staff monitors the
18 Company’s compliance with pipeline safety regulations.

19 DESC has an outstanding safety record due in large part to the Company’s
20 safety-focused culture. DESC’s highest priority is to safeguard and protect those
21 individuals who come into contact with the DESC system, including employees,
22 customers, and the public at-large. Moreover, the Company employees who work

1 on DESC's pipeline system and at the LNG facilities take great pride in safety
2 performance.

3
4 **Q. WHAT ARE YOU REQUESTING OF THE COMMISSION IN THIS**
5 **PROCEEDING?**

6 A. The primary commitments of DESC continue to be to operate our system in
7 a safe, reliable and efficient manner. Further, our employees are committed to
8 providing outstanding customer service and operational excellence. During the
9 Review Period, the Company prudently managed its business operations, which
10 included the purchase and recovery of its gas supplies and administration of the
11 PGA. Therefore, on behalf of DESC, I respectfully request the Commission find
12 that the Company has recovered its gas costs for the Review Period consistent with
13 its tariffs and Commission orders and that it has purchased its gas supplies and
14 administered the PGA in a prudent and reasonable manner.

15
16 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

17 A. Yes.